

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 22, 2005

10:04 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

James D. Boyd

Jackalyne Pfannenstiel

STAFF PRESENT

Terry O'Brien, Interim Executive Director

William Chamberlain, Chief Counsel

Song Her, Secretariat

Gary Fay

Lance Shaw

Connie Bruins

Bill Blackburn

Gabe Herrera

Lynette Esternon

Maura Clark

Barbara Byron

Alan Argentine

Jason Sterling

Jeff Wilson

Lily Ghaffari

Paul Roggensack

David Michel

Mike Magaletti

STAFF PRESENT

Elaine Hebert

Chuck Najarian

PUBLIC ADVISER

Margret Kim

Nicholas Bartsch

ALSO PRESENT

Rob Schultz, City Attorney
City of Morro Bay

Chris Ellison, Attorney
Greggory Wheatland, Attorney
Ellison, Schneider and Harris, LLP
representing Calpine Corporation

Michael A. Hatfield
Calpine Corporation

Manuel Alvarez
Southern California Edison Company

Chuck Maas
Jim Morris
Appropriate Energy, Inc.

Steven W. Huang
Sharp Electronics Corporation

Raul "Bernie" Orozco
Semptra Energy

Issa Ajlouny

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1 P R O C E E D I N G S

2 10:04 a.m.

3 CHAIRPERSON DESMOND: Good morning. I'd
4 like to call this meeting to order and begin with
5 the Pledge of Allegiance.

6 (Whereupon the Pledge of Allegiance was
7 recited in unison.)

8 CHAIRPERSON DESMOND: We have a very
9 long agenda here this morning, and there is no
10 consent calendar, so let me first make a note of
11 some agenda item changes.

12 Agenda items number 4 and 5 will be
13 carried over to the July 13th business meeting.
14 Agenda item number 13, Gilbert & Associates, will
15 also be carried over to the 13th. And agenda item
16 number 17 will also be carried over.

17 And in addition, we have one change, and
18 that is agenda item, we're going to add number 28,
19 to be moved up behind number 20, before the
20 minutes. And so we'll entertain a motion to
21 consider it, and then this is on building
22 efficiency standards in the roof coatings.

23 So, item number 1, Duke Energy Morro
24 Bay. Possible approval of petition for an order
25 authorizing demolition of the Morro Bay tank farm.

1 Petition requests permission to demolish the
2 onsite fuel oil tank at the site of the proposed
3 Morro Bay plant. Mr. Fay, go ahead.

4 MR. FAY: Thank you, Mr. Chairman. On
5 August 2nd of last year the Commission adopted its
6 decision approving modernization of the Morro Bay
7 Power Plant proposed by Duke Energy.

8 The project was proposed and approved to
9 be conducted in three distinct phases. Phase one
10 of which is the demolition of the existing fuel
11 oil tank farm at the project site.

12 That phase, as well as the other two
13 phases of the project, received careful and
14 extensive environmental review by the Commission
15 prior to its decision last August.

16 That decision allows project
17 construction after the central coast Regional
18 Water Quality Control Board grants the project the
19 National Pollution Discharge Elimination System,
20 or NPDES, permit to allow cooling water discharge
21 from the power plant to the ocean through an
22 easement controlled by the City of Morro Bay.

23 The NPDES permit is not related to
24 demolition of the tank farm. Therefore, delays in
25 granting the NPDES permit have held up tank farm

1 demolition for reasons having nothing to do with
2 the tank farm.

3 On April 15, 2005, Duke Energy filed a
4 petition which seeks immediate permission to begin
5 phase one tank farm demolition on the grounds that
6 the Commission's decision on the project
7 anticipated that the phase one demolition would
8 occur before and be separate from phase two
9 construction of the power plant, or the subsequent
10 phase three demolition of the existing power
11 plant.

12 Upon receiving the Duke petition the
13 Morro Bay Committee issued a proposed order and
14 held a hearing to receive comments on the order.
15 The hearing record established that the City of
16 Morro Bay supports removal of the tank farm
17 because doing so will remove a visual eyesore
18 within the coastal zone, and will allow any
19 necessary remediation of ground contaminants to go
20 forward.

21 The City also acknowledges that the
22 lease in question is not physically related to the
23 tank farm demolition. However, the City continues
24 to advocate that the Commission require Duke to
25 enter a cooling water outfall lease with the City

1 before Duke can be allowed to remove the tank
2 farm.

3 On this issue the Committee did not find
4 for the City for several reasons. First, the
5 condition of certification at issue, condition
6 Land-1, contained in the Commission's Morro Bay
7 decision, deals with the cooling water discharge
8 outfall and not at all with the tank farm. It is
9 therefore irrelevant to this matter.

10 Second, Land-1 refers to, quote,
11 "commercial operation" unquote, as a deadline.
12 Yet the term is meaningless in reference to a tank
13 farm which is neither commercial nor operational.

14 Third, if the City wishes to pursue its
15 dispute with Duke over the outfall lease, the City
16 has other forums in which they can do so.

17 And finally, perhaps most importantly,
18 the Committee has found that due to the tank
19 farm's visual impacts and potential of hazardous
20 soil contaminants, removal of the tank farm is in
21 the public interest. To require execution of the
22 outfall lease before allowing tank farm removal
23 would most likely delay tank farm removal and thus
24 harm that total (inaudible).

25 The Committee amended language, which I

1 understand Commissioner Boyd will propose, will
2 clarify the matters I've just discussed without
3 changing the substance of the Committee's
4 recommended order allowing tank farm demolition,
5 which you have before you.

6 The relevant text and conditions of
7 certification from the Commission's Morro Bay
8 decision are attached to the order as appendix A.

9 COMMISSIONER BOYD: Mr. Chairman, I
10 don't know if we have any public to hear from.
11 Apparently not, so on that basis --

12 MR. SCHULTZ: If I may.

13 CHAIRPERSON DESMOND: Please come
14 forward and state your name.

15 MR. SCHULTZ: Good morning, Rob Schultz
16 with the City of Morro Bay, City Attorney. I'll
17 be very brief.

18 We did submit an issue and Gary Fay did
19 brief that on what our concerns are. And our
20 concerns, there's a few issues that are incorrect
21 in the condition that's been proposed by
22 Commissioner Boyd.

23 In fact, Land-1 doesn't just deal with
24 commercial operation. If you look at the language
25 of Land-1 it specifically says that they're

1 required to get that lease agreement prior to
2 November 15, 2004, or prior to the start of
3 commercial operation, whichever occurs first.

4 If you look at the testimony throughout
5 the evidentiary hearings it was clear that they
6 were going to require a lease prior to November
7 15, 2004. So it's not just commercial operations,
8 it's an "or". They were required to obtain a
9 lease prior to November 15th and show proof of
10 that, which has passed. So it's not just as a
11 deadline relating to commercial operation if you
12 look at the brief and testimony that was entered
13 into.

14 Second is that the lease agreement does
15 not just deal with the outfall. That's a
16 misnomer. I've attached an exact copy of the
17 exhibit that was submitted also with the
18 evidentiary hearings. It had three components to
19 it. Yes, the outfall is the major one because
20 that's for the commercial operation of the new
21 plant.

22 But there's two others. There's a
23 marine pipeline which is the oil pipeline that
24 connected the tank farm to the oil that was
25 brought in from the tankers back in the old days.

1 And the third one is a cathodic protection.
2 They're required to renew all three of these
3 leases prior to the November 2004.

4 So that's a misnomer that they're not
5 connected. There is a connection here. And, in
6 fact, if you're going to allow the demolition of
7 the tank farm what then happens to the oil
8 pipeline? There's issues there that were not
9 discussed in the evidentiary hearing because it
10 was assumed by all parties that they were going to
11 obtain a lease that would extend that, put it into
12 caretaker status, do something with that oil
13 pipeline. And now there's no condition on what
14 they're going to do with it, there's no lease, and
15 that's why it needs to be addressed.

16 If you need to open up evidentiary
17 hearings to discuss what condition needs to be
18 addressed with that oil pipeline, we need to
19 discuss it. Because now it's just there; they're
20 not going to remove it; there's no lease for the
21 continuation of it.

22 And so that's where our conditions are
23 incorrect with the insertion of this paragraph.
24 Because again, the Land Use-1 required them, by
25 November 2004, to obtain the lease. It wasn't

1 dealing with commercial operation. It was an
2 "or", whichever occurs first. And we need to deal
3 with the oil pipeline which is connected to the
4 outfall lease and to the cathodic protection,
5 which all three required renewal prior to November
6 2004.

7 Thank you.

8 COMMISSIONER BOYD: I think we should
9 hear from the applicant.

10 MR. ELLISON: Mr. Chairman,
11 Commissioners, Chris Ellison, Ellison, Schneider
12 and Harris, on behalf of Duke Energy Morro Bay
13 LLC.

14 The applicant supports the Committee's
15 proposed order, including the amendment that we've
16 had an opportunity to look at this morning. The
17 tank farm demolition project has no revenue, let
18 alone profit for Duke, but it is something that
19 the community supports, including the City of
20 Morro Bay, as being in the public interest.

21 Any condition which delays that tank
22 farm demolition, and certainly requiring
23 conclusion of the lease negotiations would delay
24 the tank farm demolition, we agree, is not in the
25 public interest.

1 We certainly are available to answer any
2 questions you have about some of the issues that
3 have been raised this morning. But given your
4 agenda I'll just leave it at that. If you have
5 questions I'd be happy to respond.

6 CHAIRPERSON DESMOND: Thank you. Mr.
7 Fay, could you also respond, too? The question
8 that has been raised here is on the Land-1, that
9 it not deal solely with the outfall lease, but
10 rather he talked about an oil pipeline, a cathodic
11 tube, so I'd like you to perhaps just address how
12 those would be.

13 MR. FAY: The language of Land-1
14 requires the project owner to comply with state
15 requirements for the leasing of tide and submerged
16 lands involving a public trust.

17 And then the verification goes on to say
18 a copy of the executed outfall lease agreement
19 that covers the City's administered property must
20 be entered. And the City is correct, prior to
21 November 15, 2004, or prior to the start of,
22 quote, "commercial operation" unquote, whichever
23 occurs first.

24 Well, clearly the first to occur has
25 passed and it is no longer operative. I believe

1 that Duke is using the lease under some kind of
2 temporary arrangement with the City until the --
3 using the leasehold until a new lease can be
4 executed.

5 So, the language of Land-1 does not
6 specify all the terms that are in the document
7 that's been referred to in the case as the
8 agreement to lease. It does cover a number of
9 other aspects.

10 The two other items that are in that
11 leasehold, the cathodic wires and the fill for the
12 tank farm, based on the record, will not be
13 affected by tank farm demolition. So, that was
14 the reason for the Committee's conclusion, and
15 statements by the parties that there's not a
16 physical connection with the execution of the
17 agreement to lease and the demolition of the tank
18 farm.

19 CHAIRPERSON DESMOND: Thank you.
20 Commissioner.

21 COMMISSIONER BOYD: Well, Mr. Chairman,
22 as Mr. Fay indicated, after extensive hearings on
23 this subject, the Committee has found, has
24 evidenced in our order that we would want to grant
25 the authorization to demolish the tanks. You do

1 have before you today an amendment to that that
2 reflects our reaction to the hearing that we
3 recently held. And some additional language has
4 been recommended by the Committee and furnished to
5 you, the public, and the other parties.

6 As indicated, we saw a clear, distinct
7 separation of issues. And felt it was in the
8 public interest to allow the tank farm demolition
9 to proceed.

10 So I'm prepared to move adoption of the
11 Commission's amended order authorizing demolition
12 of the Monterey Bay tank farm, as modified by the
13 Committee amendment.

14 COMMISSIONER PFANNENSTIEL: I'll second
15 the motion.

16 CHAIRPERSON DESMOND: Further
17 discussion? We'll call for a vote, then.

18 All those in favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed? So
21 moved.

22 Item number 2, Walnut Energy Center.
23 Possible consideration and approval of a petition
24 to reduce the distance between stored flammable
25 material, which is diesel pump fuel and a sulfuric

1 acid tank, from 100 feet to 50 feet.

2 MR. SHAW: Good morning, Commissioners
3 and audience, I'm Lance Shaw. Walnut Energy
4 Center is a 250 megawatt, natural-gas fired,
5 combined-cycle power plant located in the City of
6 Turlock.

7 It's owned and operated by Walnut Energy
8 Center Authority. It was certified February 18,
9 2004. It is under construction and is
10 approximately 74 percent complete. Commercial
11 operation is planned for November 2005.

12 The petition seeks to change the minimum
13 separation distance between a sulfuric acid
14 storage tank and a stored flammable material which
15 is allowed by interpretation of Uniform Fire Codes
16 from a minimum distance of 100 feet to 50 feet.

17 Staff's analysis. Staff concludes that
18 there will be no significant impacts because staff
19 used its own judgment in recommending 100-foot
20 separation at the time of certification, in the
21 absence of specific code requirements.

22 Applicable codes now being interpreted
23 by staff allow a minimum of 50 feet separation.
24 And staff now recommends a minimum separation of
25 50 feet, and that has been accepted in

1 Commission's recent cases.

2 This will result in a change to
3 hazardous materials management condition Haz-5.
4 Public review process, the petition to modify was
5 filed and docketed April 21, 2005. Notice of
6 receipt and staff analysis were posted to the CEC
7 website and mailed to the mailing list on June 6,
8 2005.

9 The findings of the petition meet all
10 the filing criteria for section 1769(a) concerning
11 post-certification project modifications.

12 The modification will not change the
13 findings of the Commission in the final decision,
14 pursuant to section 1755. The change will be
15 beneficial to the project owner and avoids the
16 need to redesign aspects of the balance of plant
17 to change the minimum separation distance between
18 a sulfuric acid tank and a stored diesel fuel
19 tank.

20 The change is based on information that
21 was not available to the parties prior to the
22 Energy Commission's certification, because when
23 the project was certified staff used its own
24 judgment in recommending 100-foot separation, in
25 the absence of specific code requirements.

1 Staff recommends that the Commission
2 approve the project modification and associated
3 revisions to the hazardous material management
4 condition Haz-5.

5 MR. WHEATLAND: Good morning, Mr.
6 Chairman and Commissioners, I'm Gregg Wheatland
7 for the applicant. We support the staff's
8 recommendations and analysis.

9 COMMISSIONER BOYD: Mr. Chairman,
10 hearing no other -- if there is no other
11 testimony, as the second member of the Siting
12 Committee, with the Chairman being absent, the
13 Siting Committee heard this item and has
14 recommended its approval to your Commission.

15 And as the Presiding Member of the
16 Walnut Energy Center, I, too, therefore would move
17 adoption of the staff recommendation.

18 COMMISSIONER PFANNENSTIEL: I'll second
19 the Commissioner's motion.

20 CHAIRPERSON DESMOND: Good.

21 All those in favor?

22 (Ayes.)

23 CHAIRPERSON DESMOND: Opposed? So
24 moved. Thank you.

25 Item number 3 is the Inland Empire

1 Energy Center and possible approval of a petition
2 to modify the existing license to increase
3 generation from 670 megawatts to 810 megawatts and
4 enhance operational efficiencies.

5 Go ahead.

6 MS. BRUINS: Good morning,
7 Commissioners. I'm Connie Bruins of the
8 compliance unit of the siting office.

9 The amendment before you today is for
10 the Inland Empire Energy Center. It's a 670
11 megawatt project that will be located in
12 unincorporated Riverside County. It's owned by
13 Calpine; certified on December 17, 2003.
14 Construction is expected to begin in August 2005
15 if this amendment is approved.

16 The petition was filed on March 11th.
17 The primary modifications include changing from a
18 PG7251 combustion turbine plus a steam turbine to
19 two GE 107H combined cycle systems, what we refer
20 to as an H system.

21 According to GE this is the world's most
22 advanced combined cycle turbine available today.
23 It delivers higher efficiency and output to reduce
24 the cost of electricity.

25 The petition also requests to add two

1 additional temporary laydown/parking areas, adding
2 about 11.5 acres to the project site. This
3 additional acreage will allow for more efficient
4 use of the site during construction, and provide
5 more cost effective construction staging.

6 These and other minor modifications will
7 increase generation from 670 to 810 megawatts;
8 increase operational efficiencies and enhance the
9 project's economics.

10 Staff's analysis included the following:
11 air quality emission increases will be mitigated
12 by new offsets in the form of ERCs, RTCs or
13 credits from the priority reserve program.

14 Impacts to kangaroo rat habitat, due to
15 the larger footprint, will be mitigated by one
16 revision to a bio condition. A safety issue, due
17 to new natural gas compressors, will be addressed
18 by revisions to a hazmat condition.

19 Continued participation in ongoing flood
20 control planning will be addressed by a new soil
21 and water condition, more than one. And the
22 worker safety and fire protection issue will be
23 resolved by adding a new condition requiring a
24 safety monitor.

25 The amendment process is a public

1 process. The petition to modify the project was
2 filed and docketed, as I mentioned before, on
3 March 16th. An addendum was received for the
4 additional laydown area on May the 19th.

5 The notice of receipt was mailed to the
6 post-certification mailing list and affected
7 public agencies. Posted to the Commission website
8 and docketed on March 18th.

9 A staff workshop was held in Romaland,
10 which is very near the project site, in April of
11 2005. There was overwhelming public support at
12 that workshop.

13 In addition, we have received
14 approximately 25 letters of support, including
15 support from representatives of the Endangered
16 Habitats League, the Menefee Valley Property
17 Owners Association, the Southern California Public
18 Affairs Association, and the City of Moreno
19 Valley.

20 Staff's analysis was mailed to
21 interested parties, docketed and posted to the
22 Commission webpage on June 8th. Comments were
23 received from the project owner on June 16th.

24 Commission Staff published an errata to
25 their analysis on June 20th incorporating the

1 project owner's comments.

2 The Southern California Air Quality
3 Management District published their preliminary
4 determination of compliance on May 17th. The
5 District's comment period ends July 1st. The
6 final determination of compliance is expected to
7 be published mid to late July.

8 Staff is aware that if substantive
9 changes are made to the final determination of
10 compliance it could trigger the need for an
11 additional amendment petition.

12 Staff has made the following findings:
13 The petition meets all the filing criteria of
14 1769; the modifications will not change the
15 findings of the Commission's final decision. The
16 project will remain in compliance with all
17 applicable laws, ordinances, regulations and
18 standards.

19 The amendment will be a benefit to the
20 project owner by improving generation efficiency.
21 And will be beneficial to the State of California
22 by increasing power in an area of need, southern
23 California. And all power generated by the
24 project should go to California loads.

25 Staff recommends approval, or that the

1 Commission approve the project modifications and
2 associated revisions to the conditions of
3 certification. Technical staff and project
4 representatives are in attendance to answer any
5 questions you may have.

6 And I believe that Mike Hatfield, who is
7 Calpine's Project Development Director, to my
8 right, would like to make a few comments.

9 CHAIRPERSON DESMOND: Please go ahead.

10 MR. HATFIELD: Well, thank you, Connie.
11 We concur with staff's recommendations, and we'd
12 just like to add that both from GE and Calpine we
13 appreciate the efforts of staff in working with
14 applicant through this process to bring more
15 energy to meet the forecast load.

16 CHAIRPERSON DESMOND: Further comments?
17 Questions?

18 COMMISSIONER BOYD: Mr. Chairman, for
19 the Siting Committee this item was reviewed in
20 depth by the Siting Committee, and is recommended
21 to you by the Siting Committee. So I would move
22 adoption of the staff recommendation for approval.

23 CHAIRPERSON DESMOND: We have a question
24 from Commissioner Pfannenstiel.

25 COMMISSIONER PFANNENSTIEL: Yes, just

1 two quick questions. You mentioned the letters of
2 support and the support that was engendered by the
3 public hearings.

4 Was there any opposition? Has there
5 been any opposition?

6 MS. BRUINS: No, there has been no
7 opposition at all.

8 COMMISSIONER PFANNENSTIEL: And the
9 other question really has to do with, just for my
10 understanding, the timing on this. It was
11 certified on December 17, 2003. And has yet to
12 begin construction. Were you specifically waiting
13 for -- and this is really to Mr. Wheatland -- were
14 you waiting for the new GE turbine? Or what was
15 the reason for that length of time before
16 construction?

17 MR. WHEATLAND: That's correct. Calpine
18 had the opportunity to use this new technology in
19 partnership with GE. And so -- and Calpine wanted
20 to take the time to design the project to be the
21 best project it could in terms of environmental
22 and efficiency.

23 And so for that reason it took a little
24 bit longer to make the business deal, and then to
25 redesign the project to use this new technology.

1 COMMISSIONER PFANNENSTIEL: Thank you.

2 CHAIRPERSON DESMOND: I just had a
3 question, as well. You indicated in your comments
4 that this was the world's most advanced technology
5 on gas turbine technology. How many other
6 instances of this have been installed so far?

7 MS. BRUINS: There's only one in the
8 world and it's in Bagland, Wales. It's not
9 exactly the same turbine, but it's very close.

10 CHAIRPERSON DESMOND: Okay. And just a
11 sense of the improved efficiency, I mean compared
12 to the previous generation of technology?

13 MS. BRUINS: Well, I'll have to defer
14 that to the project owner.

15 MR. HATFIELD: I don't have the specific
16 statistics with me, but it's about a 60 percent
17 efficiency. It's the most efficient combined
18 cycle, natural-gas fired system.

19 CHAIRPERSON DESMOND: Thank you.

20 COMMISSIONER BOYD: Mr. Chairman, I
21 would note that the project applicant put the
22 Commission on notice very early of this possible
23 change. We were visited by representatives of
24 Calpine and GE, and taken thoroughly through the
25 technology and what-have-you. So, that's the

1 reason for the delay.

2 But as you've seen, we all think it's a
3 very significant positive improvement, positive
4 move.

5 CHAIRPERSON DESMOND: Very good.

6 COMMISSIONER PFANNENSTIEL: Then with
7 that I'll be glad to second the motion.

8 CHAIRPERSON DESMOND: Call for a vote.

9 All those in support?

10 (Ayes.)

11 CHAIRPERSON DESMOND: Opposed? So
12 moved. Thank you.

13 MS. BRUINS: Thank you.

14 MR. HATFIELD: Thank you.

15 CHAIRPERSON DESMOND: As I indicated
16 earlier, items number 4 and 5 have been held over
17 to the next July business meeting.

18 Item number 6 -- we also have some
19 speakers here from the public, I want to make sure
20 we acknowledge them here -- is the emerging
21 renewables program. Possible approval of
22 substantive changes to the emerging renewables
23 program guidebook. Significant changes may
24 include establishing rebate levels for the system
25 completion, removing the requirement to provide

1 the utility letter of authorization to obtain
2 interconnection to the grid, suspending the solar
3 school program due to lack of funding, and adding
4 other clarifying language.

5 Go ahead.

6 MR. BLACKBURN: Good morning, I'm Bill
7 Blackburn with the emerging renewables program.
8 The emerging renewables program guidebook provides
9 the programmatic framework and guidelines to
10 administer the rebate program for renewable energy
11 projects.

12 On June 1st a Committee workshop was
13 held to present proposed changes to the guidebook
14 and solicit public comment. The Committee and
15 staff have considered the comments and made
16 changes which I will highlight in a moment.

17 The key changes that are proposed
18 include maintaining the current rebate levels for
19 all eligible renewable energy technologies;
20 raising the potential capacity factor of
21 photovoltaic systems under the pilot performance-
22 based incentive program from 25 percent to 30
23 percent for purposes of determining the amount of
24 funds reserved; suspending the solar schools
25 program element until further notice based on no

1 new available funding; clarifying requirements for
2 affordable housing projects; clarifying
3 requirements for new construction development
4 projects; and other changes were made clarifying
5 things such as editorial corrections, allowing
6 faxes for the reservation form R1, et cetera.

7 During the comment period for the July
8 1st Committee workshop we heard opposition to the
9 following proposed changes that we originally
10 planned to include. Changing the process so that
11 participants receive the rebate level in effect at
12 the time of project completion rather than at the
13 time the application is submitted.

14 And, second, removing the requirement
15 that the program participants provide a utility
16 letter of authorization in order to verify a
17 systems approved interconnection to the utility
18 distribution grid.

19 We removed the language of the first
20 item, which is pay on completion date, which is
21 reflected in the June 10th version of the
22 guidebook that's on our website. And we propose
23 to remove the other item on verifying the
24 interconnection to the grid and then maintain the
25 existing language.

1 Staff recommends adopting the proposed
2 guidebook revisions. I'd be happy to answer
3 questions.

4 COMMISSIONER PFANNENSTIEL: Yes, Mr.
5 Blackburn, I just want to make sure that we're
6 clear on this. What you are proposing is that the
7 language on utility interconnection remain as it
8 currently is for the time being?

9 MR. BLACKBURN: That's correct, same as
10 the fourth edition.

11 COMMISSIONER PFANNENSTIEL: And that's
12 because you remain in discussions with the
13 utilities and other parties about how that
14 language should best be presented and what the
15 procedures should be?

16 MR. BLACKBURN: Exactly. That's
17 correct. There was some concerns expressed to us
18 with the utilities. We did have discussions.
19 There really was not agreement between the
20 representatives of the utilities and staff. And
21 so we are recommending that the existing language
22 that's used in the fourth edition of the guidebook
23 be maintained.

24 COMMISSIONER PFANNENSTIEL: But just
25 maintained while you continue discussions.

1 MR. BLACKBURN: Right.

2 COMMISSIONER PFANNENSTIEL: I think that
3 there's an intention, and this is something that
4 we discussed extensively at the Renewables
5 Committee, there's an intention to revise that
6 once we figure out how it should be revised.

7 MR. BLACKBURN: In terms of the process,
8 in terms of speeding things up and making it
9 easier for both us and the utilities and the
10 customer, exactly.

11 COMMISSIONER PFANNENSTIEL: Great. And
12 then one other item, on the requirements for
13 special funding on affordable housing.

14 MR. BLACKBURN: Um-hum.

15 COMMISSIONER PFANNENSTIEL: The language
16 that is in the revised guidebook right now talks
17 about either these units in the common areas need
18 to be 10 percent more efficient than title 24, or
19 they need to have been constructed to be more
20 efficient.

21 Could you explain, I wasn't entirely
22 sure what that was supposed to mean, what the
23 requirement would be.

24 MR. BLACKBURN: Well, basically, as you
25 mentioned, the intent in our proposed language is

1 to clarify some areas such as the project
2 manager's area, or if it covered for instance
3 parking structures, things like that, that would
4 not -- it was not clear in our current guidebooks.

5 The intention in the proposed language
6 is not to change the energy efficiency
7 requirement. So I know that you had some concern
8 about how it was written and we'll be happy to
9 clean that up. And keep the intent to have it 10
10 percent or more efficient.

11 And if you have more specific questions
12 I think our attorney, Gabe Herrera, would be happy
13 to answer, since he had something to do with the
14 language, itself.

15 COMMISSIONER PFANNENSTIEL: I think that
16 we're in agreement that we know what it's intended
17 to do. I would just ask perhaps that the staff
18 maybe make some nonsubstantive changes to clarify
19 that language. It wasn't entirely clear to me, so
20 it might not be entirely clear to others what
21 you're intending to do here.

22 MR. BLACKBURN: Okay, we'd be happy to
23 do that.

24 MR. HERRERA: If I can comment there,
25 the Commission Staff does have authority to do

1 that. As we go through the guidelines we found
2 that there are a number of technical little
3 changes, edits that need to be made, you know,
4 extra periods, some parentheses, et cetera.

5 We will clean those up in the final
6 version and also clean up this language so it's
7 clear what the intent of the provision is supposed
8 to do.

9 COMMISSIONER PFANNENSTIEL: Thank you,
10 Mr. Herrera.

11 CHAIRPERSON DESMOND: Okay. We have
12 three public speakers, Mr. Manuel Alvarez from
13 Southern California Edison, who will be followed
14 by Mr. Jim Morris from Appropriate Energy, and
15 Chuck -- as I'm reading this, it's either Maan or
16 Maas, I'm not sure. So, in that order.

17 MR. ALVAREZ: Good morning,
18 Commissioners. My name is Manuel Alvarez,
19 Southern California Edison. I actually wasn't
20 sure exactly what was going to transpire here this
21 morning, but hearing the staff's presentation and
22 Commissioner Pfannenstiel's discussion of the
23 amendment, we're actually in support of the
24 proposal by staff today before you. So we're
25 urging your adoption.

1 I just want to make one clarification on
2 that item. We view basically the interconnection
3 agreement as the primary vehicle by which we
4 insure that the system is, in fact, safe and
5 reliable, and meets all the requirements. So
6 that's the importance that we place on that
7 document.

8 The problems that we have in the
9 program, basically I view them as sequencing
10 documents of how the transaction between the
11 purchase of the solar system and the
12 interconnection takes place, and when the rebates
13 are actually dispersed to the customer.

14 So I think we can resolve that
15 sequencing and how the verification is done on
16 both sides, at the utility interconnection point
17 and the staff's concern when the rebates are
18 issued. So, we urge your support for this
19 proposal.

20 Thank you.

21 CHAIRPERSON DESMOND: Actually I have
22 just a quick question. I know part of the
23 motivation here was to identify ways to speed the
24 process up so that the rebate dollars flow back to
25 the customer in a timely fashion. And while the

1 Commission tracks its own, does -- you can only
2 speak for Edison -- do you maintain an internal
3 tracking mechanism looking at the time the request
4 is submitted to when they're actually completed?

5 MR. ALVAREZ: We maintain that database
6 ourselves, yes, we do. And that's part of the
7 question about transferring part of that
8 information to the staff's database. There's
9 still a lot of hand processing that takes place in
10 both sides of the equation here.

11 So developing some electronic means is
12 definitely a worthy goal.

13 CHAIRPERSON DESMOND: Okay, thank you.

14 MR. ALVAREZ: Thank you.

15 CHAIRPERSON DESMOND: Mr. Morris.

16 MR. MORRIS: Can we reverse that and
17 make that Maas first?

18 CHAIRPERSON DESMOND: Yes, is it Maan,
19 Mr. Maan or --

20 MR. MAAS: Maas.

21 CHAIRPERSON DESMOND: -- Maas, thank
22 you. Sorry.

23 MR. MAAS: Thank you. Good morning,
24 Commission. My name is Chuck Maas; I'm with
25 Appropriate Energy. And I was at the earlier

1 reading, early part of June regarding the
2 handbook.

3 And since then I've made a few comments,
4 and I'm going to make a few more now. A lot of
5 it's criticism, but please bear with me.

6 I just got this yesterday about the
7 stakeholders and your renewable portfolio
8 standards. And, while lengthy reading, it looks
9 like you're not going to get to the level that you
10 wanted, if this is an accurate document.

11 My contention is that you're not going
12 to get there because you're not letting the public
13 participate in the renewable energy business by
14 giving themselves systems that they can afford and
15 systems that work.

16 I did an analysis on the standard
17 rebates that's listed in the book. And for some
18 reason wind is being very heavily picked upon as
19 not being encouraged -- as being picked upon, in
20 fact it's just not being encouraged hardly at all.

21 On the standard rebate, a system that
22 wind would produce maybe 20 kilowatt hours a day,
23 which would be enough to power an average house,
24 the wind installation would cost about \$24,000 and
25 get a rebate of \$4700.

1 A photovoltaic system, doing the same
2 kilowatt hour production, would cost about \$33,000
3 to install and get a rebate of \$9000. So, big
4 difference. A, the cost of installation for the
5 same kilowatt hours.

6 So I go back to say what is the purpose
7 of the rebate? Is it to encourage people to get
8 into renewable energy production, or is it to
9 support major offshore international corporations.
10 When I talked to Bill Blackburn the other day he
11 said, well, would your turbine actually do
12 anything for the State of California in
13 employment.

14 Well, there's no solar manufacturers in
15 the State of California. There's none in America
16 to speak of. They're all abroad. Right now all
17 the solar industry is either (inaudible)
18 Petroleum, Kyocera, Sharp and other Japanese
19 companies.

20 So, right now the total rebate system,
21 you're encouraging some of the biggest companies
22 in the world to get their products sold at
23 virtually half price. And it just doesn't make
24 sense.

25 The three reasons that people buy

1 renewable energy systems is first of all, to save
2 the planet. That's the major motivator why people
3 do something. A wind turbine is a very obvious
4 way of doing it. It's almost like waving a flag.
5 When that turbine's up there turning over pieces
6 of property, the people I've talked to that own
7 them, they love them. And they're making a
8 statement to the community and to themselves that
9 they're doing something about the planet.

10 The other reason people buy power is --
11 renewable energy systems is to save money. We all
12 like to save money. And so in saving money seems
13 like you would encourage the most efficient
14 systems, not the least efficient systems in your
15 rebate program.

16 And the other reason is primarily to be
17 independent. And there's a strong nature of
18 American to be independent of anything, and if
19 they can get independent power it's a very heavy
20 motivator.

21 Right now solar is getting 97 percent of
22 all your rebate money. That's a lot of money.
23 And so what happens is you set up this
24 performance-based initiative which was very very
25 clever, and it does a lot of things. It bases

1 your rebate on what the production is of the
2 system.

3 You could eliminate virtually your
4 entire certification system in the State of
5 California because right now the way it's being
6 done is almost nonsense. You rate a turbine based
7 upon its generator capacity which has nothing to
8 do with the generating ability. And you rate
9 solar systems based upon the wattage that the
10 manufacturer produces. It doesn't quite reach
11 that level, but the marketplace determines what
12 sells in solar, not your particular rating
13 systems.

14 The performance-based system is, if you
15 did the 50-cent performance-based systems to wind,
16 people would actually get -- in three years people
17 would get their wind systems for free.

18 If we had the same level playing field
19 for wind that you do for solar, people would
20 actually get free systems the way you're currently
21 dishing out the rebate money.

22 I know you wouldn't want to give people
23 free systems, but those systems will be around for
24 15, 20, 30 years. So the first three years gets
25 them installed and they're producing renewable

1 energy for the rest of their life.

2 And so if you're trying to encourage
3 people to get high production, you're kind of
4 like, if you guys were running the way to
5 encourage people to buy high-mileage cars, you
6 would be subsidizing Hummers, not hybrids. And
7 that's the way the system is currently working.

8 So is the purpose of the rebate to
9 encourage energy production, or is it to just
10 support major corporations? And, as one of the
11 Commissioners told me, he says, well, we kind of
12 like a simple way out. We will one-size-fits-all.
13 We can have renewable energy production that works
14 in cities, works in counties, works everywhere.

15 The fact that it's twice the cost of
16 wind doesn't seem to enter the equation. And what
17 about all the hundreds of thousands of people in
18 the State of California living in rural areas,
19 live on large plots that would like to participate
20 in wind, but your current system prohibits them
21 from -- just discourages them. And it makes it
22 almost impossible for a renewable energy dealer to
23 sell a system.

24 So that's my comments, and I know it's
25 not complimentary, but I would like to see

1 something done to bring wind back into the
2 equation. The fact that we're only getting 3
3 percent of the rebate money ought to tell you
4 something.

5 Thank you very much for your attention.
6 If you have any questions, I'll be glad to answer
7 them.

8 CHAIRPERSON DESMOND: Mr. Maas, I do
9 appreciate your comments. And, in fact, you raise
10 some very good issues. So they don't have to
11 always be complimentary here. This is the purpose
12 of the Commission, is to hear from the public and
13 appreciate the insights and perspectives you
14 provide.

15 Commissioner, did you want to provide
16 any further comments?

17 What I'd like to do is in response to
18 some of the issues that you've raised, I don't
19 know if you have those summarized in writing, but
20 certainly ask that staff take a look at those and
21 then respond to this Commission accordingly with
22 some of the issues that have been raised here by
23 Mr. Maas.

24 MR. MAAS: Well, one of the reasons that
25 I'm very adamant about this is the fact that

1 California has one of the best regimes in the
2 states. You just spent an awful lot of money on a
3 wind map. And we have developed a technology that
4 works in 80 percent of California.

5 So, areas that were never even
6 considered as wind, as a factor for energy
7 production, are now within the realm of that
8 possibility. And it's kind of like we've invented
9 the microchip and now nobody wants the damn thing,
10 because of the way it's just not being encouraged.
11 So, thank you very much for your attention.

12 CHAIRPERSON DESMOND: Thank you, Mr.
13 Maas. I have Mr. Morris.

14 MR. MORRIS: Yes, I'm with Appropriate
15 Energy. We've just been working with the Nevada
16 Legislature to try to model a wind ordinance,
17 wind-permitting ordinance in Nevada, patterned
18 after California's AB-1207.

19 And it's quite a struggle. We got a
20 bill out and at least it will help us in getting
21 permits in Nevada for wind systems.

22 However, I just became aware of this,
23 that AB-1207, which was streamlining the
24 permitting of small wind turbines in California,
25 is going to expire in about 11 days or so, on July

1 1st. And I'm not aware of any efforts to renew
2 that.

3 But we have attended hearings down in
4 San Bernardino where there's quite opposition to
5 wind turbines, even out in the desert by all the
6 power lines, the big huge power lines that some
7 neighbors don't like to see a wind turbine up
8 there, turning around.

9 So, we're concerned that after all the
10 good work that California did with AB-1207, that
11 will be negated if it expires. And I don't know
12 who's minding the store, but I may be unaware,
13 maybe there's some efforts to getting it renewed.

14 But we're real concerned about it
15 because even though AB-1207 mandated that the
16 counties permit the installation of wind turbines,
17 many of them haven't really taken it to heart, and
18 told some of the dealers to go hire an attorney to
19 fight them on their regulation of these wind
20 turbines. And naturally the little dealers don't
21 have any staying power going against the county
22 governments.

23 And so I really believe that even though
24 this bill has been in place for five years or so,
25 that it really wasn't enforced. And it's very

1 difficult to get a wind turbine installed anywhere
2 in the -- a lot of places in the United States.
3 Although California should have been the most
4 friendly, it hasn't really been, in effect, after
5 we've been talking to the dealers.

6 So, you know, I know this may be not the
7 time, but it needs to be brought up that staff and
8 the Assembly and the Senate need to be thinking
9 about this if they're going to meet the renewable
10 goals.

11 Also in relation to incentives and why
12 probably the United States is not going to meet
13 its renewable goals all across the nation is that
14 there's so many barriers.

15 Now, Europe, France, Germany, Danish
16 people, in fact the Danish people are -- we
17 started it out in the '80s here with our
18 windfarms, and we've really fallen behind as far
19 as wind development.

20 Europe and those countries have really
21 jumped ahead, and they've done that through feed
22 laws. And the feed laws basically say we're
23 trying to encourage renewables and we're going to
24 pay anywhere from 80 to 90 percent of the retail
25 price of electricity to anybody who produces

1 renewable energy. Instead of going for RFPs and
2 having the big competitions and looking for these
3 special wind sites that are around.

4 And the feed laws have been extremely
5 effective in developing European wind. They've
6 just totally gone by the United States after we
7 had a head start. And we don't only have one
8 major company in the U.S. that's really developing
9 wind turbines.

10 So we've fallen behind. And part of the
11 reason is because of the regulatory process. And
12 the fact that we're not incentivizing, for
13 instance, co-ops where a farmer might have a good
14 piece of land and he'll put ten investors
15 together. And they'll produce electricity and
16 sell it to the utility at 80 to 90 percent.

17 And, boy, I tell you what, that gets
18 real interested. If we want to meet our renewable
19 goals, we're going to have to do that.

20 Thank you.

21 CHAIRPERSON DESMOND: Great, thank you,
22 Mr. Morris.

23 Next up I have Steven Huang from Sharp
24 Electronics.

25 MR. HUANG: Good morning; thank you for

1 taking the time to listen to me today. My name is
2 Steve Huang; I'm here on behalf of Sharp
3 Electronics Corporation. We are a manufacturer of
4 solar modules and provide solar energy solutions
5 for the community.

6 I'd like to ask the Energy Commission to
7 consider removing the requirement to provide a
8 utility letter of authorization.

9 As my background is, I manage the entire
10 rebate program for Sharp Electronics. This is a,
11 I understand the safety considerations, this is a
12 piece of paperwork that is somewhat duplicative.

13 When we have the building permits, at
14 the point where the inspector comes out and signs
15 off on the building permit, there's no inspector
16 that will not sign off on a building permit unless
17 there is a meter that has been set and electrical
18 service is fully operational.

19 This requirement for a utility letter of
20 authorization slows down the process, further
21 delaying the speed of which rebate moneys can be
22 obtained.

23 Further, there is a considerable amount
24 of confusion over the utility letter of
25 authorization and their interconnection

1 application. Currently the guidebook requires an
2 application for interconnection with the exception
3 for new construction. For new construction,
4 instead a letter can be obtained by the utility
5 company which says, A, a meter has been set by the
6 site, and B, it's operational before the
7 reservation expiration date.

8 This is a requirement that we have
9 obtained letters for, and it's created all sorts
10 of confusion whenever we submit rebate payment
11 claims, where we go back and forth with the
12 California Energy Commission interns who are
13 analyzing the paperwork when they come back and
14 tell us that you have not provided a copy of the
15 interconnection application, even though the
16 guidebook says one is not needed.

17 My recommendation is that we do remove
18 the requirement to provide a utility letter of
19 authorization for interconnection. It would
20 resolve a lot of this confusion. It would thereby
21 speed up the process.

22 Thank you.

23 CHAIRPERSON DESMOND: Mr. Blackburn, I
24 don't know if you're taking the opportunity, if
25 you can comment, or if you'll be including the

1 gentleman from Sharp Electronics in the
2 discussions about how to improve and streamline
3 the process.

4 MR. BLACKBURN: Yeah, we certainly will
5 be happy to do that. I wouldn't recommend that we
6 change anything that we've discussed so far. But
7 what I can say is yes, it's a complex program. We
8 do have students, you know, handling a lot of the
9 calls. They do the best job they can, but
10 certainly there's room for improvement. And we'll
11 make sure that they understand this issue better.
12 And we'll work with Mr. Huang to clear this up.

13 CHAIRPERSON DESMOND: Okay, thank you.
14 Commissioner.

15 COMMISSIONER PFANNENSTIEL: Mr.
16 Chairman, then having heard the discussion --

17 CHAIRPERSON DESMOND: We have one more
18 speaker.

19 COMMISSIONER PFANNENSTIEL: Oh, I'm
20 sorry. Continue.

21 CHAIRPERSON DESMOND: Mr. Orozco from
22 Sempra Energy.

23 MR. OROZCO: Good morning, Mr. Chair,
24 Members. Bernie Orozco with Sempra Energy
25 speaking on behalf of San Diego Gas and Electric.

1 We'd like to compliment staff on the
2 recommendation to hold the interconnection
3 notification language till further discussions
4 have been had. So I'd like to thank them and
5 encourage you to support that.

6 On the issue of expediting these letters
7 of notification, we have several suggestions. And
8 we'll be working with staff and with all other
9 stakeholders. I mean we could do processes such
10 as emailing on the same day to whoever needs to be
11 notified, the owner, the installer, the Energy
12 Commission. We could fax those letters of
13 notification.

14 But I would agree with Edison's comment
15 that streamlining this process is very key
16 important notification letter. It is a staff
17 safety issue, and for that we would give it a lot
18 of weight over trying to expedite a payment. But
19 I think we can make them both work together. So,
20 I'd like to keep the door open on that.

21 Thank you.

22 CHAIRPERSON DESMOND: Thank you.
23 Commissioner.

24 MR. HERRERA: Mr. Chairman, before you
25 take a vote I'd like to make some comments for the

1 record. I apologize for not making them sooner.

2 I did take a look at the guidelines, the
3 Commission's adoption of the guidelines for
4 purposes of CEQA, the California Environmental
5 Quality Act, because CEQA issues were raised
6 before. Not with respect to guidelines for this
7 program, but for other renewable energy programs.

8 And based on my review of the pertinent
9 law, the guideline revisions that are being
10 recommended, it's my conclusion that the adoption
11 of the guidelines by the Commission today is
12 exempt from CEQA, either because that act is not a
13 project under CEQA. This action can be
14 characterized as a continuation of an
15 administrative or maintenance program.

16 Or it can also be evaluated in terms of,
17 or construed as, a creation of government funding.
18 Both of which are exempt under the CEQA
19 guidelines, specifically section 15378(b).

20 Alternatively, if it is arguably a
21 project, it's nevertheless exempt under what is
22 known as the common sense exemption, because
23 there's no possibility that the adoption of these
24 guidelines will result in any significant
25 environmental impacts.

1 CHAIRPERSON DESMOND: Thank you for the
2 clarification. Commissioner.

3 COMMISSIONER PFANNENSTIEL: Having heard
4 the discussion I reiterate that I think that there
5 is work to be done between the staff and the
6 utilities and the other parties to develop and
7 propose back a revision to the guidelines then
8 that will make sure that the utility safety is
9 protected, in a way that doesn't slow down the
10 process.

11 With that, I would move the changes to
12 the guidebook as presented, and then as modified.

13 CHAIRPERSON DESMOND: Thank you. Is
14 there a second?

15 COMMISSIONER BOYD: Second.

16 CHAIRPERSON DESMOND: Unless there's any
17 further discussion I'll call for the vote.

18 All those in favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed? So
21 moved.

22 Item number 7. Rahaus Institute.
23 Possible approval of a \$50,000 grant to produce a
24 video and portfolio book on CalPoly San Luis
25 Obispo's solar decathlon house construction

1 project in Washington, D.C. Ms. Esternon.

2 MS. ESTERNON: Good morning,
3 Commissioners. I'm Lynette Esternon with the
4 renewable energy program. Just a brief
5 description.

6 This solar decathlon is the second
7 competition sponsored by the U.S. Department of
8 Energy, National Renewable Energy Laboratories,
9 and Home Depot, American Institute of Architects,
10 and the National Association of Homebuilders.

11 In the fall of 2005 18 colleges and
12 universities from around the world will be
13 competing for ten days. And each student team
14 will design and build a 500 to 800 square feet
15 solar home on the national mall in Washington,
16 D.C.

17 So they would create a solar village.
18 And the contests range from architecture,
19 livability and comfort, to how the homes perform
20 tasks such as heating water and powering
21 appliances. The solar homes must also provide
22 enough solar electricity to power an electric car.

23 This competition is expected to attract
24 significant attention from the media and the
25 public. It will also help raise awareness about

1 energy efficiency and renewable energy and the
2 project supports the Governor's initiative of
3 promoting the use of solar energy in residential
4 construction.

5 California is represented by CalPoly San
6 Luis Obispo. And their preliminary budget for
7 their solar decathlon project is about 485,000.
8 Which will include the design and construction of
9 the house, personnel, logistics and education and
10 outreach.

11 CalPoly has received full support in
12 kind in cash donations from about 30 public and
13 private organizations and entities.

14 Now, the Rahaus Institute will develop
15 and provide the educational element of this
16 overall project. A video will be developed to
17 highlight the California team as they go through
18 the phases from designing to constructing and
19 competing in Washington, D.C. And a book which
20 will include floorplans, elevation, heating and
21 cooling strategies, material and electrical
22 specifications and interior and exterior photos.

23 The renewable energy consumer education
24 program promotes renewable energy and helps build
25 a consumer market for renewable energy and

1 emerging renewable technologies.

2 The program is structured to provide
3 grants and contracts to eligible projects. The
4 CalPoly San Luis Obispo solar decathlon 2005
5 project meets the eligibility requirements for
6 funding as outlined in the consumer education
7 program guidebook.

8 Due to the highly leveraged nature of
9 this project, and the collaborative efforts
10 committed by the public and private entities, the
11 alignment with the goals of the consumer education
12 program, and the expected benefits to the state,
13 the staff recommends and the Renewables Committee
14 supports the staff recommendation that the
15 Commission approve the \$50,000 from the renewable
16 resources trust fund be made available to the
17 Rahaus Institute to support CalPoly.

18 COMMISSIONER PFANNENSTIEL: Mr.
19 Chairman, on behalf of the Renewables Committee,
20 we did discuss this and concluded that this
21 project would be an excellent use of the funds in
22 the consumer education -- renewables consumer
23 education program. Therefore, I move the item.

24 CHAIRPERSON DESMOND: Is there a second?

25 COMMISSIONER ROSENFELD: I second.

1 CHAIRPERSON DESMOND: All those in
2 favor?

3 (Ayes.)

4 CHAIRPERSON DESMOND: Opposed? So
5 moved.

6 MS. ESTERNON: Thank you.

7 CHAIRPERSON DESMOND: Thank you.

8 Agenda item number 8, which is Rebuild
9 America Special Project. Possible approval to
10 reallocate \$30,000 for two grants originally
11 awarded to the Energy Commission in 2000 and 2003
12 by the U.S. Department of Energy.

13 Ms. Clark.

14 MS. CLARK: Good morning, Commissioners.
15 My name is Maura Clark and I am the program
16 manager of Rebuild America Program.

17 Rebuild America is a DOE grant program
18 that has been in existence since 1997. The goal
19 of the program is to support community-based
20 organizations and promote awareness of the
21 benefits of energy efficiency.

22 Each year the Energy Commission submits
23 an application to compete for the funding; and
24 each year the Energy Commission has been
25 successful.

1 The grants are typically between 100,000
2 and 150,000 for a two-year term. The Energy
3 Commission has seed-funded several programs and
4 projects with these funds by entering into
5 contracts or grants with community-based
6 organizations, local governments or schools.

7 Today I am requesting permission to
8 reallocate funds from two existing sub-awards
9 where the grant funds were returned to the Energy
10 Commission for various reasons.

11 One would be to augment the 2000 sub-
12 award of \$50,000 to the Collaborative for High
13 Performance Schools, CHPS, with an additional
14 \$10,000 to insure the high performance portable
15 classroom specifications will be available for the
16 school districts to order the portable classrooms.
17 The \$10,000 was originally awarded to SMUD in
18 2000, but the funds were not expended.

19 Our second reallocation would be to
20 provide \$20,000 to the Collaborative for High
21 Performance Schools to produce a best practices
22 manual, volume 6, entitled, High Performance
23 Portable Classrooms. The grant will also add a
24 section to the existing CHPS training to include
25 information on ordering, maintaining and

1 maximizing energy efficiency in the portable
2 classroom.

3 Funding for this new grant comes from
4 funds originally awarded to San Juan Unified
5 School District for the green schools program.
6 The District was unable to implement the program
7 due to budget cuts.

8 Both of these items have been approved
9 at the Energy Efficiency Policy Committee meeting.
10 I will be happy to answer any of your questions.

11 CHAIRPERSON DESMOND: Questions?

12 COMMISSIONER PFANNENSTIEL: Mr.
13 Chairman, on behalf of the Energy Efficiency
14 Committee I'd move this item.

15 COMMISSIONER ROSENFELD: Second.

16 CHAIRPERSON DESMOND: All those in
17 favor?

18 (Ayes.)

19 CHAIRPERSON DESMOND: Opposed? So
20 moved.

21 Item number 9 is the Western Governors
22 Association. Possible approval of contract,
23 amendment 5, to reduce the original contract by
24 \$6000. This funding will be used to reimburse
25 California agency participants for travel to

1 attend regional and federal nuclear waste
2 transport meetings, including the WGA Waste
3 Isolation Pilot Plant transportation advisory
4 group meetings. It's a very long name of the
5 Committee.

6 (Laughter.)

7 CHAIRPERSON DESMOND: Ms. Byron.

8 MS. BYRON: Apologize for that.

9 CHAIRPERSON DESMOND: CHPS is much
10 easier. Of course, Eric Estrada doesn't come to
11 mind when I think of the nuclear wastes, so, go
12 ahead.

13 MS. BYRON: Good morning; I'm Barbara
14 Byron; I'm the nuclear policy adviser for the
15 California Energy Commission.

16 And today I'm requesting this contract
17 amendment to modify the existing contract with the
18 Western Governors Association to return \$6000 to
19 WGA to allow them to directly reimburse California
20 agency representatives to attend WGA nuclear waste
21 transport meetings.

22 Thank you.

23 CHAIRPERSON DESMOND: Thank you.

24 COMMISSIONER BOYD: Mr. Chairman, as the
25 designated nuclear liaison of this Commission I

1 would move approval of this item. I would note
2 that I agree with you, I see a WGA as an acronym,
3 WIPP as an acronym, and I guess we could add TAG
4 as the rest of that. And we could have a
5 WGAWIPPTAG or something.

6 But in any event, that aside of
7 governmental acronyms, I move approval of this
8 item.

9 CHAIRPERSON DESMOND: Okay.

10 COMMISSIONER PFANNENSTIEL: Second.

11 CHAIRPERSON DESMOND: All those in
12 favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved. Thank you.

16 MS. BYRON: Thank you.

17 CHAIRPERSON DESMOND: Item number 10,
18 Gladstein, Neandross and Associates. Possible
19 approval of contract 600-04-024 for \$32,000 to
20 provide business and financial consultations and
21 conduct conferences to stimulate nonpetroleum and
22 fuel technologies. Mr. Argentine.

23 MR. ARGENTINE: Good morning, Mr.
24 Chairman. I'm Alan Argentine; I'm transportation
25 technology office. And I'm replacing Tambu

1 Kisoki, managing the proposed contract.

2 This \$32,000 proposed contract is one of
3 three contracts on today's agenda from our
4 nonpetroleum technical assistance solicitation.

5 The Energy Commission manages 60
6 nonpetroleum vehicle and infrastructure projects
7 each year, and periodically we encounter problems
8 with some of the projects requiring specialized
9 expertise to keep projects proceeding towards
10 success.

11 This contract provides assistance to
12 augment our staff efforts. This contract will
13 assist the Commission by providing consultation
14 services to public and private fleet operators
15 interested in using nonpetroleum transportation
16 fuels.

17 The consultant services may include
18 assisting fleet operators that encounter funding
19 difficulties by recommending potential funding
20 source, facilitate team building by recommending
21 project partners, recommend fleet operator solicit
22 bids from vendors, fuel suppliers and/or proposed
23 partnering with other agencies to increase their
24 fuel usage.

25 In the area of conference facilitation a

1 contractor will assist the Commission by
2 formulating conference topic areas, content and
3 recruiting keynote speakers for two energy
4 organized conferences.

5 Our conferences will be designed to
6 feature Energy Commission-funded projects and
7 success stories. We, however, are open to
8 cooperating with other agencies.

9 CHAIRPERSON DESMOND: Thank you.

10 MR. ARGENTINE: Any questions?

11 CHAIRPERSON DESMOND: Questions or
12 comments?

13 COMMISSIONER BOYD: Mr. Chairman, I move
14 approval.

15 COMMISSIONER PFANNENSTIEL: Second.

16 CHAIRPERSON DESMOND: Okay. All those
17 in support?

18 (Ayes.)

19 CHAIRPERSON DESMOND: Opposed? So
20 moved. Thank you.

21 MR. ARGENTINE: Thank you.

22 CHAIRPERSON DESMOND: Item number 11.

23 TIAX. Possible approval of contract 600-04-023 in
24 the amount of \$54,735 to create, test and revise a
25 model to evaluate proposed alternative fuel

1 transportation technology projects. Mr. Sterling.

2 MR. STERLING: Mr. Chairman,
3 Commissioners, my name's Jason Sterling; I'm with
4 the fuels and transportation committee -- sorry --
5 division.

6 This would be an Excel-based tool to
7 evaluate the economic viability of individual
8 projects. One of the problems sometimes people
9 run into is they haven't sufficiently analyzed the
10 economic ramifications of a project before they
11 embark on it. And we'd like to create a tool to
12 make it easy to do that.

13 It would have a series of inputs for
14 upfront capital costs, maintenance, permitting
15 costs and so forth. And outputs would be things
16 like payback time, revenue stream, graphs and
17 sensitivities and a variety of tools that could be
18 helpful in analyzing these projects.

19 I'd like to point out that this is
20 \$54,735 project. I think it says something
21 different in the agenda.

22 And other than that I'm open to any
23 questions.

24 CHAIRPERSON DESMOND: I actually have a
25 question. Looking at the task deliverables in the

1 schedule you have a draft cash-flow model in
2 December of 2006. That is nearly 18 months to
3 come up with a cash-flow model under a contract
4 that's only \$54,000.

5 My question is, the contract runs to
6 2008. Is there any reason why it's going to take
7 us 18 months to develop an Excel spreadsheet?

8 MR. STERLING: Well, it's actually a
9 series of spreadsheets is typically the way these
10 things are. And the calculations involved can be
11 rather complicated. And there's some testing that
12 needs to be done to make sure it's sufficiently
13 user-friendly to make sure that all of the
14 appropriate inputs are considered. And staff will
15 be working with the contractors to make sure all
16 these things are considered.

17 CHAIRPERSON DESMOND: Okay. Maybe I'll
18 sort of rephrase the question. Is there anything
19 we can do to accelerate the schedule so that the
20 final report is not delivered in January of 2008,
21 given the Governor's interest in promoting
22 alternative fuels, as well as this Commission's
23 interest, as well.

24 MR. STERLING: Well, it's possible that
25 this could end up being finished a little bit

1 sooner. One of the things that's built into it,
2 however, is some time for real world testing.

3 So after the initial model is developed
4 we want to try it out on some projects and make
5 sure that we haven't, you know, neglected anything
6 that's important. And then we'd revise it after
7 that point.

8 CHAIRPERSON DESMOND: Okay.

9 COMMISSIONER BOYD: Mr. Chairman, I
10 would move approval of this item, but I would note
11 to staff, your urging that we accelerate that. I
12 appreciate that. And I'm sure the Transportation
13 Committee will be working with the division to see
14 if we can do that. I appreciate your endorsement
15 of the need to move.

16 CHAIRPERSON DESMOND: Yeah, quickly.

17 COMMISSIONER BOYD: Quickly.

18 CHAIRPERSON DESMOND: Yes. Thank you.

19 COMMISSIONER PFANNENSTIEL: And, Mr.
20 Chairman, I'd second, but further note that in
21 trying to accelerate this, it looks like some of
22 the work being done in the project that we
23 approved a moment ago under the prior item might
24 help us feed into some of the same cash flow work.

25 And so I think that the Committee might

1 be able to help the division find the overlaps,
2 perhaps, in these two projects.

3 So, with that, I'll second the motion.

4 CHAIRPERSON DESMOND: Okay. All those
5 in favor?

6 (Ayes.)

7 CHAIRPERSON DESMOND: Opposed? So
8 moved. Thank you.

9 MR. STERLING: Thank you.

10 CHAIRPERSON DESMOND: Item number 12,
11 Burnett and Burnette. Possible approval of
12 contract 600-04-022 for \$60,000 to assist the
13 Commission by evaluating and making recommendation
14 on barriers to the completion or operation for up
15 to 40 nonpetroleum infrastructure and vehicle
16 projects.

17 Go ahead, Mr. Argentine.

18 MR. ARGENTINE: Mr. Chairman,
19 Commission, the Commission receives approximately
20 20 new projects annually from the U.S. Department
21 of Energy clean cities program. And we have more
22 than 60 ongoing infrastructure and vehicle
23 projects right now.

24 In several instances projects are
25 stalled due to permit difficulties, technical

1 problems during construction, cost-share funding
2 may have been expired, or projects are having
3 problems in operation.

4 This contract will provide the necessary
5 consultation services to assist these projects to
6 get back on track, to be completed in a timely
7 fashion, and/or get back in operation.

8 COMMISSIONER BOYD: Mr. Chairman, I
9 would move approval of this item. And I would
10 just say, consistent with your earlier comments
11 about the Governor's interest in this subject,
12 this is a project that I don't want to
13 mischaracterize it as hand-hold, but let's just
14 say provide an expediter to help local agencies
15 move some of these projects along so we can have
16 better realization of some of the potential.

17 So, with that, I would move approval.

18 COMMISSIONER PFANNENSTIEL: Second.

19 CHAIRPERSON DESMOND: All those in
20 favor?

21 (Ayes.)

22 CHAIRPERSON DESMOND: Opposed? So
23 moved. Thank you.

24 MR. ARGENTINE: Thank you.

25 CHAIRPERSON DESMOND: Item 13 has been

1 moved to the July 13th agenda.

2 Item number 14, TIAX. Possible approval
3 of contract 600-04-025 for \$274,578 to gather
4 greenhouse gas emissions data. Mr. Wilson.

5 MR. WILSON: Good morning, Chairman
6 Desmond, Commissioners. I'm Jeff Wilson with the
7 climate change program.

8 Public Resources Code directs the
9 Commission to acquire and develop data and
10 information on the costs, technical feasibility
11 and demonstrated effectiveness of methods for
12 reducing or mitigating the production of
13 greenhouse gases from instate sources.

14 This contract will complete a market
15 assessment of potential greenhouse gas emission
16 reductions in several California industry sectors
17 throughout the state's economy.

18 The contract will also complete 25
19 feasibility studies of specific reduction actions
20 that could be undertaken in numerous industry
21 sectors.

22 Staff released a request for proposal on
23 March 11, 2005. In response we received three
24 proposals and TIAX was selected as the lowest cost
25 qualified bidder. Total funding for contract is

1 \$274,578.

2 CHAIRPERSON DESMOND: Comments?

3 COMMISSIONER BOYD: Mr. Chairman, I
4 would move approval of this item with an
5 additional notation that everything that we do
6 here in the climate change arena, and I think we
7 all know how intricately connected to energy the
8 climate change question is, will be and is being
9 coordinated with the Governor's recent initiative
10 and the leadership Cal-EPA has for this subject.

11 So this is another one of many
12 components of the state's overall program to
13 accomplish the Governor's goals.

14 COMMISSIONER PFANNENSTIEL: I'll second
15 the motion.

16 CHAIRPERSON DESMOND: Call for a vote.

17 All those in favor?

18 (Ayes.)

19 CHAIRPERSON DESMOND: Opposed? So
20 moved. Thank you.

21 Item number 15, SAIC. Possible approval
22 of contract 600-04-026 for \$178,000 to assist the
23 Energy Commission in measuring petroleum reduction
24 and nonpetroleum fuel use in California's
25 transportation sector. Ms. Ghaffari.

1 MS. GHAFARI: Good morning, Mr.
2 Chairman and the Commissioners. My name is Lily
3 Ghaffari, I'm Energy Commission Staff of fuel and
4 petroleum division.

5 I'm asking for the possible approval of
6 this item 15 in the agenda. Due to Assembly Bill
7 20076 direction, the California Energy Commission
8 and California Air Resources Board adopted a goal
9 to reduce, for the reduction of petroleum use.

10 And for this reason there are biannual
11 report in the Energy Report, which has included
12 this reduction and we need to know exactly how the
13 reduction is going, and if it's doing the goals of
14 the, you know, AB-2076 and the adopted goals of
15 the Energy Commission.

16 Now, in order to do this we need to do
17 tracking and notices of the available models and
18 so there's a need to get information to see if
19 it's moving accordingly, and what needs to be done
20 to take care of it so we can reach that goal.

21 In this contract there are three phases
22 which each being related to each other, but each
23 is a separate task. And task one is to look into
24 all the available data, available models,
25 available informations and try to get the optimum

1 model and way of calculating this measurement.

2 Task two will do a survey of the
3 nonpetroleum and petroleum use and find out how we
4 can get this information gathered and analyzed.
5 And do a survey on it.

6 And then task number three has auditing
7 the survey and make sure that we do the right
8 work. And then finally we'll have a final report
9 that will give us the direction. And every two
10 years, actually, this needs to be looked on it.

11 If you have any question I would be able
12 to answer.

13 CHAIRPERSON DESMOND: I have a first
14 question, just looking over the memorandum. Item
15 number N, it asks if contractor is a certified
16 small business. And this is SAIC, and it's a very
17 large corporation. And I'm just wondering, does
18 this refer to SAIC? Is this just an error in the
19 document? Or is this referring to a subcontractor
20 that they intend to use on this?

21 MS. GHAFARI: They have subcontracted;
22 it was approved by the contract office that they
23 have done.

24 CHAIRPERSON DESMOND: Okay.

25 MS. GHAFARI: Yes.

1 CHAIRPERSON DESMOND: Thank you. And
2 also the primary purpose here is they will be
3 establishing metrics by which we can measure our
4 progress, is that --

5 MS. GHAFFARI: Exactly.

6 CHAIRPERSON DESMOND: Okay.

7 COMMISSIONER BOYD: Mr. Chair, on behalf
8 of the Fuels Transportation Committee I would
9 recommend approval. And I would note this is a
10 rather banner day for the entire area of
11 transportation. It's been a long time since I've
12 been able to see us spend this kind of money and
13 make this kind of effort in an area that we
14 desperately need to address.

15 So, with that, I move approval of this
16 item.

17 COMMISSIONER PFANNENSTIEL: I'll second.

18 CHAIRPERSON DESMOND: I want to
19 acknowledge, Commissioner Boyd, that I agree.
20 It's very encouraging to see this level of effort
21 and attention being paid in the transportation
22 sector.

23 So, with that, I'll call for a vote.

24 All those in favor?

25 (Ayes.)

1 CHAIRPERSON DESMOND: Oppose? So moved.

2 Thank you.

3 MS. GHAFARI: Thank you.

4 CHAIRPERSON DESMOND: Item number 16,
5 Lawrence Berkeley National Lab. Possible approval
6 of an amendment to work authorization MR-16 for
7 \$1.293 million under PIER research agreement to
8 implement four demonstration projects to address
9 increasing energy efficiency in laboratories,
10 datacenters and cleanrooms. And I know the
11 Commission's worked on these issues in the past,
12 so, go ahead.

13 MR. ROGGENSACK: Good morning, Mr.
14 Commissioner and Commissioners, my name is Paul
15 Roggensack; I'm with the Public Interest Energy
16 Research industrial, agricultural and water
17 program.

18 These four demonstration projects are
19 actually a deliverable of work authorization MR-
20 016. That work authorization directed LBNL to
21 convene two project advisory committees. One PAC
22 was for datacenters and the second PAC was for
23 laboratories and cleanrooms.

24 And each of those PACs looked at
25 potential demonstration projects in each of those

1 areas. And they selected these four
2 demonstrations, two for datacenters and two for
3 labs and cleanrooms.

4 The four demonstrations are, the first
5 one is demand controlled filtration and
6 cleanrooms. That is a demonstration of a strategy
7 to use particle counters to control air flow in
8 cleanrooms. The second demonstration is fan
9 filter unit laboratory test procedure; development
10 of a baseline criteria and adoption of a consensus
11 standard. And that is a demonstration to
12 establish a baseline to determine energy efficient
13 fan filters for PG&E's savings by design program.

14 The third demonstration is efficient DC
15 architecture for datacenters. That is to
16 construct a server rack that will accept DC
17 current instead of AC current, thereby providing a
18 proof-of-concept demonstration that DC/AC
19 conversion in power supplies is unnecessary.

20 The fourth demonstration is alternative
21 server rack cooling in datacenters. This is a
22 demonstration of an alternative cooling strategy
23 for servers using materials developed by NASA for
24 heat transfer, as opposed to convection cooling
25 using fans.

1 So, the staff recommends funding these
2 for demonstrations. And I'll be happy to answer
3 any questions.

4 CHAIRPERSON DESMOND: Commissioners?

5 COMMISSIONER ROSENFELD: No questions on
6 behalf of the Committee. I move the item.

7 CHAIRPERSON DESMOND: I had one
8 question. Item number 3, is that really a 20 to
9 33 percent reduction in savings using DC versus AC
10 in the rack? That's pretty significant.

11 MR. ROGGENSACK: That's right.

12 CHAIRPERSON DESMOND: And that's before
13 the associated AC savings?

14 MR. ROGGENSACK: That is within the
15 server --

16 CHAIRPERSON DESMOND: Yeah.

17 MR. ROGGENSACK: -- from the UPS to the
18 server, itself.

19 CHAIRPERSON DESMOND: Okay.

20 COMMISSIONER BOYD: Second the motion.

21 CHAIRPERSON DESMOND: Okay. Call for a
22 vote.

23 All those in favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? So

1 moved. Thank you.

2 MR. ROGGENSACK: Thank you.

3 CHAIRPERSON DESMOND: Item number 18
4 which is Lawrence Berkeley National Lab. Possible
5 approval of a contract, \$486,925 to conduct real-
6 time demand response research and demonstrate its
7 capabilities to establish a demand response
8 infrastructure in California, working with the
9 Cal-ISO. Mr. Michel.

10 MR. MICHEL: Good morning, Chairman and
11 Commissioners. I'm here to ask for possible
12 approval of a PIER contract with CERTS, LBLN to
13 conduct research and demonstrate the capability of
14 advanced technologies for establishing a real-time
15 demand response infrastructure in California for
16 the amount of \$486,925.

17 This research primarily DR to improve
18 reliability of the system operations. This will
19 be phase two of a current project with Southern
20 California Edison, Connected Energy and the Cal-
21 ISO, focused on summer peak reductions.

22 This is primarily a field demonstration
23 involving the aggregate performance of small
24 commercial and residential customer loads,
25 devices, to provide adequate reserves in Edison's

1 territory.

2 Specifically we will conduct 60 20-
3 minute tests on 500 customers in Edison's
4 territory.

5 Do you have any questions?

6 COMMISSIONER PFANNENSTIEL: Just one.

7 Is this being jointly funded with PIER money and
8 Edison? Or is it a PIER program just using
9 Edison's facility?

10 MR. MICHEL: It's the latter. It's a
11 PIER-funded contract with Edison being one of the
12 subcontractors.

13 COMMISSIONER PFANNENSTIEL: Thank you.

14 COMMISSIONER ROSENFELD: The Committee
15 is very pleased with this program. I move the
16 item.

17 COMMISSIONER PFANNENSTIEL: Second.

18 CHAIRPERSON DESMOND: Call for a vote.

19 All those in favor?

20 (Ayes.)

21 CHAIRPERSON DESMOND: Opposed? So
22 moved. Thank you.

23 MR. MICHEL: Thank you, Commissioners.

24 CHAIRPERSON DESMOND: Item number 19,
25 ICF Consulting. Possible approval of contract

1 500-01-006, amendment 2 augmenting the contract
2 for \$1.2 million and extending it by one year to
3 continue technical support of ongoing PIER
4 programs. Mr. Magaletti.

5 MR. MAGALETTI: Good morning, Mr.
6 Chairman, Commissioners. My name is Mike
7 Magaletti. I work in the Public Interest Energy
8 Research program, and I am the contract manager
9 for this contract.

10 We are extending this contract and item
11 20, the Navigant contract, by one year and funding
12 that one year with \$1.2 million.

13 I come before you with these two items
14 because we are in the process of developing an RFP
15 which will replace these agreements. But
16 unfortunately we do not expect to have contracts
17 replacing them in place until spring of next year.
18 And these contracts will end on the 31st of
19 October of this year.

20 So we need in place a transition point.
21 We do not expect to fully use the moneys, and we
22 expect to have the contracts terminate once we
23 have the new RFP developed contracts in place.

24 Are there any questions?

25 CHAIRPERSON DESMOND: What's the current

1 schedule for issuing the RFP?

2 MR. MAGALETTI: The RFP should be out
3 before the end of this calendar year.

4 CHAIRPERSON DESMOND: Okay. Comments?

5 COMMISSIONER PFANNENSTIEL: So what is
6 the term of these two new contracts that we're
7 entering into?

8 MR. MAGALETTI: One year. They will go
9 through October 31st of 2006.

10 COMMISSIONER PFANNENSTIEL: And what is
11 the difference between them?

12 MR. MAGALETTI: Basically no difference.
13 We have a total of three technical support
14 contracts with different technical support
15 contractors. In this case, Navigant and ICF. We
16 also have one with SAIC.

17 We use them for generally the same types
18 of activities. Sometimes we find, though, that we
19 need to go to a different one, because as, well,
20 as indicated here, SAIC is contracting with
21 another program at the Commission for another
22 activity. Sometimes they or their subcontractors
23 will participate in RFPs and other activities that
24 create a conflict of interest. And so we must use
25 a different technical support contractor.

1 We've found this is a much easier way to
2 go than to try and isolate and put up a Chinese
3 Wall or a Great Wall between different activities
4 within a single company.

5 COMMISSIONER PFANNENSTIEL: So, as
6 contract manager, you decide which of these three
7 technical consultants to call on each time you
8 need some assistance?

9 MR. MAGALETTI: I help decide.
10 Basically the program area teams and individual
11 project managers come to me. We discuss this.
12 And if there is a problem, I'll suggest that they
13 switch. But it's a collaborative agreement.

14 COMMISSIONER PFANNENSTIEL: Fine.

15 CHAIRPERSON DESMOND: Prior to the other
16 RFP going out, is there a process in place by
17 which you'll be reviewing the performance of these
18 contracts at the conclusion, given that these will
19 now have gone two and a half, almost three years?

20 MR. MAGALETTI: Yes. As we finish a --
21 each one of the activities funded under these
22 contracts is initialized in a work authorization.
23 And as these work authorizations expire or are
24 completed, we go through a review of the work
25 authorization of the subcontractor and the

1 contractor.

2 CHAIRPERSON DESMOND: Okay.

3 COMMISSIONER BOYD: Mr. Chairman,
4 question.

5 CHAIRPERSON DESMOND: Commissioner Boyd.

6 COMMISSIONER BOYD: If the existing
7 contracts were scheduled to terminate this
8 October, why have we gotten ourselves in a
9 position of putting out RFPs not till the end of
10 this calendar year?

11 And an extension of that question,
12 what's the timeline in A, issuing, B, getting a
13 response, and C, being able to then be in a
14 position to award contracts for future year or
15 years?

16 MR. MAGALETTI: Okay. Let me take the
17 first question, which I think was what were the
18 logistics, how did we end up in this situation.

19 In the PIER program we've lost a number
20 of positions and a number of staff. I happen to
21 supervise this area as I became the contract
22 manager because of the fact that we lost staff.
23 And I'd expected, and I can name names, Susan
24 Patterson, Dave Navarro, even Gary Klein, to
25 participate in the development of the RFP.

1 And as each case, one left the
2 Commission, we lost the position, so I couldn't
3 fill it. Dave Navarro had some physical problems;
4 he retired. And Gary Klein has gone to work for
5 Commissioner Geesman.

6 In each case I had to scramble,
7 eventually I took on all the contracts as the
8 contract manager, and I finally was able to fill
9 Mr. Navarro's position. I have a new staff person
10 in place and her responsibility is to take on the
11 RFP.

12 In general, our schedule runs around a
13 total of nine months. And you have different
14 marks that you have to meet with the contracts
15 office. Usually it takes 45 days; they have a set
16 review period for an RFP. I could have my new
17 staff person talk to you, if you want to discuss
18 it in detail. But, in essence, it's about a nine-
19 month process. And then you have agreements. And
20 then it takes a number of, well, six to eight
21 weeks to have those agreements signed and approved
22 by all the authorities. In --

23 COMMISSIONER BOYD: Thank you.

24 MR. MAGALETTI: -- addition to putting
25 them on at a business meeting.

1 COMMISSIONER BOYD: Thank you. I wanted
2 to help you rationalize why we need to extend for
3 a year, as well as understand the personnel
4 problems. That's --

5 MR. MAGALETTI: Well, I --

6 COMMISSIONER BOYD: That's easy to
7 understand around here. You need say no more.

8 MR. MAGALETTI: Okay, thank you.

9 CHAIRPERSON DESMOND: Thank you. Unless
10 there's any further discussion --

11 COMMISSIONER ROSENFELD: Mr. Chairman,
12 can I move both items, 19 and 20.

13 CHAIRPERSON DESMOND: Okay.

14 COMMISSIONER PFANNENSTIEL: I'll second
15 those.

16 CHAIRPERSON DESMOND: Call for a vote.

17 All those in favor?

18 (Ayes.)

19 CHAIRPERSON DESMOND: Opposed? So
20 moved. Thank you.

21 MR. MAGALETTI: Thank you very much.

22 CHAIRPERSON DESMOND: Next item was item
23 28, which has been moved before the minutes.

24 MR. CHAMBERLAIN: Yes, Mr. Chairman.

25 Under the Open Meetings Act the Commission needs

1 to make a finding, in order to put this on the
2 agenda, that there exists a need to take immediate
3 action, and that the need for such action came to
4 the attention of the Commission subsequent to the
5 agenda being posted.

6 I believe there are staff here that can
7 explain that if you need further detail.

8 CHAIRPERSON DESMOND: Okay.

9 COMMISSIONER PFANNENSTIEL: I would move
10 that we consider this item today.

11 COMMISSIONER BOYD: Second.

12 COMMISSIONER ROSENFELD: Second.

13 CHAIRPERSON DESMOND: All those in
14 favor?

15 (Ayes.)

16 CHAIRPERSON DESMOND: Opposed? So
17 moved.

18 Yes.

19 MS. HEBERT: Hello. I'm Elaine Hebert
20 from the buildings and appliances office. This
21 item is -- would you like to read the item,
22 Chairman?

23 CHAIRPERSON DESMOND: All I have here is
24 a summary and the one page, which is California --
25 oh, thank you. Yes, I'll read this in.

1 This is next item, amendments to 2005
2 building energy efficiency standards, roof
3 coatings. The Commission is considering
4 amendments to the 2005 building energy efficiency
5 standards, section 118(i)3, including tables 118-
6 C, to change performance requirements for liquid-
7 applied cool roof coatings.

8 MS. HEBERT: This item is part of a
9 rulemaking approved by this Commission April 13th
10 in response to a petition for rulemaking regarding
11 the 2005 building standards and cool roof
12 coatings.

13 In early May we released our notice of
14 proposed action or NOPA, and 45-day express terms
15 indicating proposed code language amendments.

16 California's Government Code in
17 subsections of section 11346 states that the NOPA
18 must list a potential date, time and place for
19 adoption of the proposed code amendments. We did
20 this. Our date of adoption was June 22nd,
21 allowing the required 45 days for public review of
22 the proposed changes.

23 Inside that 45 days we held a Committee
24 hearing, as was also listed in the NOPA. And that
25 happened on the June the 7th.

1 At that hearing we received testimony
2 that indicated that our proposed 45-day language
3 did not adequately address all the issues that
4 stakeholders were concerned about.

5 So, the Committee directed staff to work
6 with the stakeholders further and come back with
7 modifications to the 45-day language which would
8 then be released as 15-day language.

9 This is fairly common in the code
10 amendment process. And today we are following the
11 Government Code in having this item on the agenda,
12 as was noticed in the NOPA, and our intent today
13 is to continue this item to a future meeting that
14 will be appropriated noticed to the interested
15 parties.

16 And Government Code also states that we
17 must allow any interested parties to speak to this
18 issue today, even though there won't be any true
19 action.

20 So I'm happy to answer any questions.
21 And, Mr. Chair, would you do the honors of asking
22 if anyone would like to speak to this issue?

23 CHAIRPERSON DESMOND: Is there anyone
24 present here today who would like to speak to
25 these issues?

1 I'm hearing none.

2 COMMISSIONER PFANNENSTIEL: Mr.
3 Chairman, if I might, this is an item that is on
4 because we had anticipated that we would be
5 adopting the final language as part of the 2005
6 building standards today.

7 At the hearing that Ms. Hebert just
8 referenced, we realized that there remained some
9 controversy about that language. And staff is
10 continuing to work with the parties hoping to
11 reach consensus language before coming back to
12 this Commission with final language that we would
13 then be asked to adopt.

14 So I move that we leave this matter open
15 until the next -- until we have the 15-day
16 language and have that noticed. And then come
17 back to a business meeting.

18 CHAIRPERSON DESMOND: Okay.

19 COMMISSIONER ROSENFELD: And I second.

20 CHAIRPERSON DESMOND: In that case,
21 without any further public comments to be made,
22 I'll call for the vote.

23 All those in favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? So

1 moved. Thank you.

2 Next item on the agenda is approval of
3 the June 8 business meeting minutes.

4 COMMISSIONER ROSENFELD: I move the
5 minutes.

6 COMMISSIONER BOYD: Second.

7 CHAIRPERSON DESMOND: Those in favor?

8 (Ayes.)

9 CHAIRPERSON DESMOND: Opposed? So
10 moved.

11 Moving on, Commission Committee and
12 Oversight. I don't believe we have anything here
13 today.

14 Item number 23, Chief Counsel's report.

15 MR. CHAMBERLAIN: Yes, Mr. Chairman.

16 I'm pleased today to introduce to you two
17 attorneys that have recently joined my office.
18 One is Alan Ward, who is over here. Alan used to
19 work in the PIER program and got his -- he had
20 been an attorney before we came to California; got
21 his California Bar card, and is now a member of
22 our staff. And still working for the PIER
23 program.

24 In addition, William Staak comes to us
25 from the Department of Housing and Community

1 Development. And has been working with Jonathan
2 Blees and Dick Ratliff on both the appliance
3 standards and the building standards, and we've
4 needed backup in that area for quite some time.
5 So we're very happy to have Mr. Staak.

6 The other thing I wanted to mention was
7 that we filed on Monday -- I believe Mr. Blees has
8 provided you the papers -- we filed in the Ninth
9 Circuit a motion to reconsider their having
10 granted the rule 41(b) motion for a stay that was
11 made by the trade associations in that litigation.

12 We believe that -- we filed this motion
13 for reconsideration because we believe we had an
14 excellent argument against that stay at this time.
15 And that the court actually violated its own rules
16 by issuing its decision on the motion before we
17 had an opportunity to respond. So we went ahead
18 and did that. We will certainly report to you
19 when the court acts on that.

20 In addition, I do need a closed session
21 today to discuss the Southern California Edison
22 versus Energy Commission case. And also some
23 potential litigation.

24 CHAIRPERSON DESMOND: Very good. I
25 don't think we have a Legislative Director's

1 report, or a Public Adviser's report.

2 Executive Director. Oh -- no, Scott was
3 not here, I was looking for Scott. Acting.

4 MR. O'BRIEN: Nothing to report, Mr.
5 Chairman.

6 (Laughter.)

7 CHAIRPERSON DESMOND: Thank you. Very
8 good, next time I'll hold up the sign.

9 All right, Legislative Director's
10 report; Cece is not present.

11 And Public Adviser's report, Margret Kim
12 or --

13 MR. BARTSCH: Mr. Chairman, Nick
14 Bartsch, representing Margret Kim. Nothing new to
15 report.

16 CHAIRPERSON DESMOND: Thank you very
17 much.

18 Okay, at this time, before we go into
19 executive session, I'd like to open this up for
20 public comment. I know we have two people on the
21 phone. Let's begin with Mr. Issa Ajlouny, the San
22 Jose community member wanting to speak on Metcalf.
23 Go ahead.

24 MR. AJLOUNY: Yes, thank you,
25 Commissioner. As you remember, two weeks ago I

1 had quite a bit of concerns of some --

2 CHAIRPERSON DESMOND: Plumes, if I
3 recall?

4 MR. AJLOUNY: -- to be a problem.

5 CHAIRPERSON DESMOND: Yes, I do recall
6 that.

7 MR. AJLOUNY: And I guess without
8 spending a lot of time on it, I really feel
9 strongly that the community deserves some kind of
10 workshop, hopefully with one of the Commissioners,
11 down here to go over the interpretation of plumes
12 coming out of Metcalf.

13 Okay, that just needs to be done and I
14 think the City of San Jose would be very
15 interested in attending that. And just getting
16 some details of what's an acceptable plume and
17 what isn't, and where do they come from.

18 Because in your condition of
19 certification you have double language in there,
20 and it's how you want to interpret it. And I
21 really feel very strongly that we need to go
22 through that. That's one comment.

23 The other comment, you mentioned that
24 Steve Munro should be getting back to me on this
25 whole plume idea, and I never did hear from him.

1 You asked for that before you closed the meeting
2 to go to (inaudible) session.

3 And then the third thing is I did a
4 Public Records Act because I was concerned of how
5 this whole thing came about (inaudible) two weeks
6 ago. And just as I expected, basically I did not
7 see any contracts that show that any technical
8 staff (inaudible) to okay the changes of
9 conditions of certification. There is basically
10 (inaudible) management team from the CEC, but no
11 technical staff handled that or looked at it or
12 give their opinion of (inaudible) the changes.

13 CHAIRPERSON DESMOND: Okay.

14 MR. AJLOUNY: I think that's very
15 important for you, as Commissioners, to know
16 what's going on on the other side of the fence.

17 CHAIRPERSON DESMOND: Thank you for
18 those comments. Terry, could you perhaps respond?

19 MR. O'BRIEN: Chuck Najarian is here,
20 our compliance program manager. And I'll let
21 Chuck respond to those questions.

22 I would say in response to the last
23 point that was raised, is that issues are
24 discussed within the division, and the discussion
25 takes place between management and technical

1 staff. And so that's a normal course of events.

2 And that certainly took place on this occasion.

3 CHAIRPERSON DESMOND: Go ahead.

4 MR. NAJARIAN: I'm not sure which
5 particular verification changes Issa is referring
6 to. There was one verification change concerning
7 visual resources. That was fully vetted by staff.

8 With regards to request for a workshop,
9 I think we should keep in mind that essentially we
10 have one individual who's making this request. We
11 haven't heard any other requests for a workshop.
12 I think it would be extraordinary to go ahead and
13 conduct a workshop under those circumstances.

14 I think that Vis-10 is a straightforward
15 condition that's fairly easy to understand. I
16 know that Calpine is having, I believe, monthly
17 community meetings. Commission Staff normally
18 attends those meetings, is represented at those
19 meetings. I think those meetings would be a good
20 forum to discuss concerns that one or two
21 individuals might have about Vis-10.

22 And my suggestion is that the caller use
23 those forums in order to obtain more information
24 about Vis-10 and how it should be interpreted.

25 CHAIRPERSON DESMOND: Do we have anyone

1 from Calpine here or on the phone to speak to this
2 issue? No.

3 MR. AJLOUNY: Commissioner, a couple
4 things. As far as me being one person, I'm trying
5 to limit your time and respect your time,
6 Commissioner. You realize I can give the
7 community this phone number and have a lot of
8 people call up and express their concerns. I'm
9 trying to be organized about this, okay?

10 As far as those bimonthly or every
11 three-month meetings, Steve Munro sometimes shows
12 up. And they're basically held and people are
13 told things and there's no accountability. When I
14 talked about workshops that's where (inaudible).

15 I'm (inaudible).

16 And by the way, they said there was not
17 going to be any plume, day or night, when they
18 first came to this neighborhood. But, even our
19 district attorney got involved with that one. But
20 I won't get into that.

21 But the bottomline is to say 14 hours a
22 day, I mean a year, during the day, and then say,
23 oh, by the way, we have this other source of plume
24 that can have unlimited number of hours is
25 ridiculous. Why would you have a condition of

1 certification stating 14 hours a year, when you
2 have other sources that can continually show a
3 plume. I --

4 CHAIRPERSON DESMOND: Okay, no, I
5 understand. Staff, please respond.

6 MR. NAJARIAN: Thank you. I think it's
7 important to point out that these issues have been
8 fully adjudicated in the siting proceeding. I
9 don't think it serves anybody's purpose to
10 readjudicate those in a workshop or, frankly, at
11 the business meetings.

12 The Commission was very clear on the
13 fact that which types of plumes it wanted to
14 restrict. There are reasons for that, having to
15 do with just safety issues, the ability to operate
16 the plant in a safe manner, et cetera. Steam
17 venting is important.

18 I have personally observed steam venting
19 on three different occasions in the last month.
20 Other staff have been there and observed them.
21 They are not significant.

22 And so I think that in my opinion these
23 concerns are being exaggerated. I would ask that
24 the Commission let the compliance program work
25 through these, work through tests that are ongoing

1 right now concerning AQ-47, which is a requirement
2 to monitor PM10 in the plumes. A requirement we
3 have in the condition. Let those tests proceed.

4 And then let the plant operate and see
5 how things play out.

6 MR. AJLOUNY: Are you saying that those
7 plumes are coming out of there because there's
8 more testing?

9 MR. NAJARIAN: There is testing ongoing
10 today, and probably into next week, given the fact
11 that they had some rain events the previous week
12 that invalidated the previous tests.

13 Those tests are required pursuant to AQ-
14 47. Those tests should be wrapped up, as I
15 understand it now, next week. There is potential
16 for some plumes, depending on the weather
17 conditions, although it's warming up and the
18 likelihood is less and less, during those tests
19 from the cooling tower plumes.

20 And in addition to that, there are
21 periodic smaller plumes from steam venting that
22 we've talked about previously that are not covered
23 in the Commission's decision for a specific reason
24 that I previously articulated.

25 MR. AJLOUNY: I'm not talking about

1 those, those kind of plumes are just five or ten,
2 20 feet. I'm not -- I'm talking about a plume
3 when you look from my house, which is over a mile
4 away, you see a huge cloud above my house. That's
5 the kind of plume I'm talking about.

6 CHAIRPERSON DESMOND: I think what we
7 need to do is wait for the results of those tests
8 and then reconsider the concerns --

9 MR. AJLOUNY: One last --

10 CHAIRPERSON DESMOND: -- raised by Mr.
11 Ajlouny here --

12 MR. AJLOUNY: I respect that --

13 CHAIRPERSON DESMOND: -- at another
14 Commission meeting.

15 MR. AJLOUNY: I respect that. Just one
16 more comment. Are those testings being done right
17 now with portable (sic) water or the recycled
18 water?

19 MR. NAJARIAN: They use a combination of
20 potable and recycled water in the facility. I
21 don't know the percentage, the exact percentage,
22 of that water use.

23 MR. AJLOUNY: Okay, well, I'm -- the
24 cleaning (sic) tower is supposed to be recycled
25 water, and if you're checking out PM10, that's

1 another concern of the community. There's a lot
2 of garbage in that recycled water. And I heard
3 rumblings that you guys are not using the recycled
4 water for the testing. And I think that was
5 amazing. But I will verify that.

6 CHAIRPERSON DESMOND: Thank you for the
7 call here today. Is there anyone else we have on
8 the line? No. Okay.

9 So, unless there's any other business
10 here, I'd like to adjourn into a closed session.
11 Thank you.

12 (Whereupon, at 11:45 a.m., the business
13 meeting was adjourned into a closed
14 session.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
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